

during 1995–1999, the designated representative shall state each such limitation and propose a method for applying the unit-specific and non-unit-specific emissions limitations under paragraph (d) of this section.

(4) Distribution of substitution allowances. (i) A statement that the allowances in paragraph (c)(3)(ii) of this section are not to be distributed to any units under paragraph (a)(1) of this section that are to be governed by the plan; or

(ii) A list showing any annual distribution of the allowances in paragraph (c)(3)(ii) of this section from a substitution unit to a unit under paragraph (a)(1) of this section that, under the plan, designates the substitution unit.

(5) A demonstration that the substitution plan meets the requirement that each unit under paragraph (a)(2) of this section is under the control of the owner or operator of each unit under paragraph (a)(1) of this section that designates the unit under paragraph (a)(2) of this section as a substitution unit. The demonstration shall be one of the following:

(i) If the unit under paragraph (a)(1) of this section has one or more owners or operators that have an aggregate percentage ownership interest of 50 percent or more in the capacity of the unit under paragraph (a)(2) of this section or the units have a common operator, a statement identifying such owners or operators and their aggregate percentage ownership interest in the capacity of the unit under paragraph (a)(2) of this section or identifying the units' common operator. The designated representative shall submit supporting documentation upon request by the Administrator.

(ii) If the unit under paragraph (a)(1) of this section has one or more owners or operators that have an aggregate percentage ownership interest of at least 10 percent and less than 50 percent in the capacity of the unit under paragraph (a)(2) of this section and the units do not have a common operator, a statement identifying such owners or operators and their aggregate percentage ownership interest in the capacity of the unit under paragraph (a)(2) of this section and stating that each such

owner or operator has the contractual right to direct the dispatch of the electricity that, because of its ownership interest, it has the right to receive from the unit under paragraph (a)(2) of this section. The fact that the electricity that such owner or operator has the right to receive is centrally dispatched through a power pool will not be the basis for determining that the owner or operator does not have the contractual right to direct the dispatch of such electricity. The designated representative shall submit supporting documentation upon request by the Administrator.

(iii) A copy of an agreement that is binding on the owners and operators of the unit under paragraph (a)(2) of this section and the owners and operators of the unit under paragraph (a)(1) of this section, provides each of the following elements, and is supported by documentation meeting the requirements of paragraph (c)(6) of this section:

(A) The owners and operators of the unit under paragraph (a)(2) of this section must not allow the unit to emit sulfur dioxide in excess of a maximum annual average SO₂ emissions rate (in lbs/mmBtu), specified in the agreement, for each year during the period that the substitution plan is in effect.

(B) The maximum annual average SO₂ emissions rate for the unit under paragraph (a)(2) of this section shall not exceed 70 percent of the lesser of: the unit's 1985 actual SO₂ emissions rate; the unit's 1985 allowable SO₂ emissions rate; the greater of the unit's 1989 or 1990 actual SO₂ emissions rate; the most stringent federally enforceable or State enforceable SO₂ emissions limitation, as of November 15, 1990, applicable to the unit in Phase I; or the lesser of the average actual SO₂ emissions rate or the most stringent federally enforceable or State enforceable SO₂ emissions limitation for the unit for four consecutive quarters that immediately precede the 30-day period ending on the date the substitution plan is submitted to the Administrator. If the unit is covered by a non-unit-specific federally enforceable or State enforceable SO₂ emissions limitation in the four consecutive quarters or, as of November 15, 1990, in Phase I,

the Administrator will determine, on a case-by-case basis, how to apply the non-unit-specific emissions limitation for purposes of determining whether the maximum annual average SO₂ emissions rate meets the requirement of the prior sentence. If a non-unit-specific federally enforceable SO₂ emissions limitation is not different from a non-unit-specific federally enforceable SO₂ emissions limitation that was effective and applicable to the unit in 1985, the Administrator will apply the non-unit-specific SO₂ emissions limitation by using the 1985 allowable SO₂ emissions rate.

(C) For each year that the actual SO₂ emissions rate of the unit under paragraph (a)(2) of this section exceeds the maximum annual average SO₂ emissions rate, the designated representative of the unit under paragraph (a)(1) of this section must surrender allowances for deduction from the Allowance Tracking System account of the unit under paragraph (a)(1) of this section. The designated representative shall surrender allowances authorizing emissions equal to the baseline of the unit under paragraph (a)(2) of this section multiplied by the difference between the actual SO₂ emissions rate of the unit under paragraph (a)(2) of this section and the maximum annual average SO₂ emissions rate and divided by 2000 lbs/ton. The surrender shall be made by the allowance transfer deadline of the year of the exceedance, and the surrendered allowances shall have the same or an earlier compliance use date as the allowances allocated to the unit under paragraph (a)(2) of this section for that year. The designated representative may identify the serial numbers of the allowances to be deducted. In the absence of such identification, allowances will be deducted on a first-in, first-out basis under § 73.35(c)(2) of this chapter.

(D) The unit under paragraph (a)(2) of this section and the unit under paragraph (a)(1) of this section shall designate a common designated representative during the period that the substitution plan is in effect. Having a common alternate designated representative shall not satisfy the requirement in the prior sentence.

(E) Except as provided in paragraph (c)(6)(i) of this section, the actual SO₂ emissions rate for any year and the average actual SO₂ emissions rate for any period shall be determined in accordance with part 75 of this chapter.

(6) A demonstration under paragraph (c)(5)(iii) of this section shall include the following supporting documentation:

(i) The calculation of the average actual SO₂ emissions rate and the most stringent federally enforceable or State enforceable SO₂ emissions limitation for the unit for the four consecutive quarters that immediately preceded the 30-day period ending on the date the substitution plan is submitted to the Administrator. To the extent that the four consecutive quarters include a quarter prior to January 1, 1995, the SO₂ emissions rate for the quarter shall be determined applying the methodology for calculating SO₂ emissions set forth in appendix C of this part. This methodology shall be applied using data submitted for the quarter to the Secretary of Energy on United States Department of Energy Form 767 or, if such data has not been submitted for the quarter, using the data prepared for such submission for the quarter.

(ii) A description of the actions that will be taken in order for the unit under paragraph (a)(2) of this section to comply with the maximum annual average SO₂ emissions rate under paragraph (c)(5)(iii) of this section.

(iii) A description of any contract for implementing the actions described in paragraph (c)(6)(ii) of this section that was executed before the date on which the agreement under paragraph (c)(5)(iii) of this section is executed. The designated representative shall state the execution date of each such contract and state whether the contract is expressly contingent on the agreement under paragraph (c)(5)(iii) of this section.

(iv) A showing that the actions described under paragraph (c)(6)(ii) of this section will not be implemented during Phase I unless the unit is approved as a substitution unit.

(7) The special provisions in paragraph (e) of this section.